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May 6, 1999

David Waddell
Executive Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: *BellSouth Telecommunications, Inc.'s Tariff to Introduce New
LATA Wide Version of Area Plus® Service*

Docket No. 98-00634

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of AT&T's Response to BellSouth Telecommunications, Inc.'s Motion to Compel.

Sincerely,


Jim Lamoureux

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee**

In Re: BellSouth Telecommunications,)	
Inc.'s Tariff to Introduce New LATA)	Docket No. 98-00634
Wide Version of Area Plus® Service)	

AT&T'S RESPONSE TO BELL SOUTH'S MOTION TO COMPEL

AT&T Communications of the South Central States, Inc. ("AT&T"), respectfully submits its Response to BellSouth's Motion to Compel. BellSouth served its discovery requests on AT&T on February 22, 1999, and AT&T provided its objections and responses to those requests on March 3, 1999. AT&T maintains its objections to BellSouth's discovery requests. Further, AT&T stands behind the responses it provided to BellSouth based on the information AT&T had at the time it responded.

Data Request Nos. 1 and 2

AT&T maintains its objection to these data requests. Whether or not AT&T offers intraLATA service is not relevant to the question of whether BellSouth's tariff is anti-competitive, discriminatory or otherwise contrary to law. BellSouth's only real response to AT&T's objection is that "If AT&T provides intraLATA services that compete with calling plans similar to BellSouth's proposed LATA Wide Area Plus Service, it is less probable that BellSouth's proposed tariff is 'anti-competitive' as AT&T contends." *BellSouth Motion* at 2. BellSouth offers no support for this assertion. Indeed, BellSouth's assertion is simply not true.

Whether AT&T offers intraLATA service has no bearing on the question of whether BellSouth's tariff is anti-competitive, discriminatory, or otherwise contrary to law. As set forth in Jeff King's testimony in this proceeding, AT&T could offer intraLATA service in

Tennessee and still not be able to compete against BellSouth for certain customers, because of the inflated access charges AT&T must pay to BellSouth in order to provide intraLATA service. The fact that AT&T offers intraLATA service, and may even be able to competitively price its intraLATA toll service for some customers (even in the face of inflated access charges) does not alter the conclusion that--overall--BellSouth's tariff is anti-competitive, discriminatory, or otherwise contrary to law.

AT&T also maintains its objection that the provision of service by AT&T in other states is not relevant to the question of whether BellSouth's tariff violates *Tennessee* law. This is no different than BellSouth's assertion in the CSA proceeding that BellSouth's CSAs in other states are irrelevant to the question of whether BellSouth's Tennessee CSAs are anti-competitive under Tennessee law.

However, notwithstanding this objection, AT&T responds that it offers intraLATA toll service in all of the nine states in BellSouth's operating territory (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee). As to whether any incumbent local providers in any of these nine states provide LATA wide local service, AT&T maintains its objection that the burden to obtain such information is the same for BellSouth as AT&T. The only way for AT&T to obtain such information would be to review the tariffs of every local telephone company in every state. Such information may be derived or obtained by BellSouth in the same manner. The burden, therefore, of deriving or ascertaining this information is substantially the same for BellSouth as it is for AT&T. T.R.C.P. § 33.03

Data Request No. 6

AT&T fully responded to this data request. In response to subsection (a), AT&T responded that the “essential elements” for purposes of the price floor analysis are BellSouth’s access services and any other unbundled elements telecommunications service providers must purchase from BellSouth in order to provide intraLATA services. In subsection (b), AT&T responded that the rates for these “essential elements” are the access rates set forth in BellSouth’s tariffs and any additional UNE rates which will be established in the TRA’s UNE permanent prices proceeding. This is fully responsive to BellSouth’s discovery request.

Moreover, as set forth in Mr. King’s testimony, this includes all access related charges carriers must pay BellSouth for intraLATA access (e.g., the RIC and CCL), as well as all network functionality carriers must purchase from BellSouth for intraLATA access (e.g., switching and transport). In short, as AT&T set forth in its response, the “essential elements” are all access related charges BellSouth imposes on telecommunications carriers for intraLATA access.

AT&T also responded to subsections (c) and (d) that it is BellSouth’s burden in this proceeding to prove its compliance with T.C.A. § 65-5-208(c), and it is, therefore, incumbent on BellSouth to identify the competitive elements of its LATA wide local service. Moreover, the “competitive elements” of the service are the costs BellSouth incurs (in addition to the essential elements) in providing the service. Only BellSouth knows what the competitive elements of its own service are. AT&T does not possess information as to BellSouth’s internal cost structure in general or specifically for this service.

Unless and until BellSouth comes forth and identifies the competitive elements of its own service, AT&T can do more than demonstrate that BellSouth has failed to include any costs associated with the competitive elements of its LATA wide local offering. Having failed to even endeavor to enumerate such costs, BellSouth clearly has failed to meet its burden of demonstrating compliance with T.C.A. § 65-5-208(c).

However, a logical approach to identifying the competitive elements of BellSouth's service would be to begin with the cost components the TRA identified in the resale discount proceeding as cost components which BellSouth would avoid by providing service wholesale to its competitors. There is a logical analogy that may be drawn between the "avoided costs" of a resold service and the "competitive elements" of a service. Both concepts embody the idea of costs which may be borne competitively by carriers providing the same or similar service. The TRA has identified the avoided costs as including costs in the following cost accounts:

Directly avoided (avoided at 100%)

- Account 6611 Product management
- Account 6612 Sales
- Account 6613 Product advertising
- Account 6623 Customer service

Indirectly avoided (at 15%)

- Account 6121 Land and buildings
- Account 6122 Furniture and artwork
- Account 6123 office equipment
- Account 6124 general purpose computer
- Account 6711 executive
- Account 6712 planning
- Account 6721 accounting and finance
- Account 6722 external relations
- Account 6723 human resources
- Account 6724 information management
- Account 6725 legal

- Account 6726 procurement

Indirectly avoided (at 100%)

- Account 5301 uncollectable revenues

This list may or may not be a comprehensive list of competitive elements for this service.

BellSouth, however, in its price floor calculation has apparently included no costs of competitive elements. Therefore, regardless of the appropriate price floor calculation, BellSouth, by not even trying to comply with the statute, has failed to meet its burden of proving compliance.

Data Request Nos. 7-9

It is BellSouth's burden to demonstrate compliance with T.C.A. §§ 65-5-208(c) and 65-5-208(d). AT&T contends that BellSouth has failed its burden of proof as to both statutes. As to T.C.A. § 65-5-208(c), BellSouth has improperly calculated the cost of the essential elements and has failed to include any costs of competitive elements in its calculation of the price floor for its LATA wide local offering. Having failed to properly calculate the price floor, BellSouth cannot sustain its burden before the TRA that its LATA wide local offering complies with the requirements of T.C.A. § 65-5-208(c). The details of BellSouth's failure to meet its burden of proof are set forth in Mr. King's testimony.

Moreover, BellSouth has not even offered to demonstrate compliance with T.C.A. § 65-5-208(d). Indeed, BellSouth's own witness admits that BellSouth has provided no information and conducted no analysis to demonstrate compliance with the statute. Having failed to provide any information whatsoever to demonstrate compliance with the statute, BellSouth can not compel AT&T to respond.

It is not AT&T's responsibility to provide the information as to BellSouth's compliance with the statute. AT&T has no information as to BellSouth's internal cost structure for BellSouth's services. The responsibility to provide information and to demonstrate compliance with T.C.A. § 65-5-208(d) lies solely with BellSouth, and unless and until BellSouth provides information in this proceeding as to its compliance with the statute, AT&T can demonstrate no more than BellSouth's total failure to provide any support for its compliance with T.C.A. § 65-5-208(d).

Data Request Nos. 10-13, 15, 16

AT&T contends that BellSouth's LATA wide local offering is anti-competitive, unjust, and discriminatory, and, therefore, contrary to Tennessee law, including T.C.A. §§ 65-5-208(c), 65-4-115, 65-4-122, 65-5-204 and 65-5-203. The general bases for AT&T's contention are set forth in AT&T's Petition for Leave to Intervene in this proceeding. Additional bases for AT&T's contention, including support based on information provided by BellSouth in response to discovery, are included in the direct testimony of Jeff King filed on March 26, 1999, and the rebuttal testimony of Jeff King filed on April 6, 1999. AT&T has no additional information to provide at this time in response to this request other than the information included in Mr. King's testimony.

Respectfully submitted,

A handwritten signature in black ink that reads "Jim Lamoureux" followed by a stylized circular mark.

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May 6, 1999

CERTIFICATE OF SERVICE

I hereby certify that on May 6th, 1999 a record, via hand delivery, facsimile, overnight or US Mail, addressed as follows:

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